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Although Orange County enjoys a robust economy, as the past year has shown, a number of factors can cause even the most diversified economies to suffer a slowdown. Therefore, it is extremely important for the Board to remain financially prudent and focused and to select projects to fund that have the highest priority. Each year the County adopts a Budget which provides funding for a wide range of services to its residents, including Sheriff-Coroner, medical and health services, senior citizen assistance, library services, judicial institutions (including support programs), airport service, roads, solid waste management, harbors, beaches and parks, lifeguard services and a variety of public assistance programs. Other services provided by special districts, which are governed by the Board of Supervisors, include lighting and maintenance and flood control.

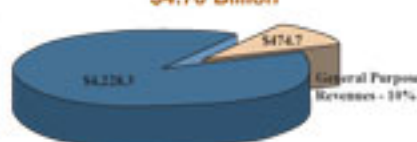
The strategic financial planning process has been well received by the financial markets and the rating agencies that determine the credit worthiness of the County. Moody's Investors Service, a major national rating firm, stated in a report that Moody's views positively the County's disciplined approach to addressing its strategic priorities, including both debt reduction and capital needs.

The 2000 Strategic Financial Plan provided an early warning that demonstrated if projected trends continued, within five years, uses of projected funding would outstrip identified sources by about \$20 million per year. This early warning allowed the County Executive Office to implement deliberate mitigating measures beginning with the Fiscal Year 2001-2002 Budget that slowed projected expenditure growth.

#### The Budget

Of the \$4.7 billion total adopted County Budget for Fiscal Year 2001-2002, approximately \$475 million (about 10%) is funded by General Purpose Revenues, which includes Fund Balance Available. The majority of the General Purpose Revenues are generated from property taxes, vehicle license fees, and sales taxes. These revenues are funds that the Board has discretion over. The primary focus of the 2002 Strategic Financial Plan is on programs funded from General Purpose Revenues. The balance of the County Budget is funded from dedicated revenue sources such as state and federal programs, gasoline tax allocation, specific property taxes, etc.

**FY 2001-2002 Total Revenue Budget  
\$4.70 Billion**



#### The \$4.70 Billion Budget Is Divided Into Seven Program Areas:

##### Infrastructure & Environmental Resources \$1,120.1 Million

Housing/Community Development  
Integrated Waste Management Department  
John Wayne Airport  
Planning and Development Services  
Public Library  
Public Facilities and Resources Department

##### Community Services \$1,129.6 Million

Community Services Agency  
Health Care Agency  
Social Services Agency

##### Capital Improvements \$205.4 Million

##### Debt Service \$887.7 Million

##### Insurance, Reserves and Miscellaneous \$406.9 Million

##### Public Safety \$833.7 Million

Courts  
District Attorney  
Public Defender  
Grand Jury  
Probation  
Sheriff-Coroner

##### General Government Services \$119.4 Million

Assessor  
Auditor-Controller  
Board of Supervisors -  
Five District Offices  
Clerk of the Board  
Clerk-Recorder  
County Counsel  
County Executive Office  
Internal Audit  
Local Redevelopment Authority -  
El Toro Reuse  
Registration and Elections  
Treasurer-Tax Collector

The following chart details the use of General Purpose Revenue by program area in the Fiscal Year 2001-2002 Budget:

**Fiscal Year 2001-2002 Budget  
Allocation of General Purpose Revenues By Program  
Total: \$475 million**

